

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 17th
day of May, 1996.

In the Matter of the Application of)	
Chariton Valley L.D. Corp. for a)	
Certificate of Service Authority to)	CASE NO. TA-96-314
Provide Intrastate Interexchange)	
Telecommunications Services to the)	
Public Within the State of Missouri.)	

ORDER APPROVING INTERLATA INTEREXCHANGE CERTIFICATE OF SERVICE
AUTHORITY, APPROVING TARIFF, AND DENYING REQUEST FOR INTERVENTION

Chariton Valley L.D. Corp. (Chariton L.D.) applied to the Missouri Public Service Commission (Commission) on March 18, 1996, for a certificate of service authority to provide intrastate interexchange telecommunications services in Missouri under § 392.440 RSMo 1994¹. Chariton L.D. asked the Commission to classify it as a competitive company and to waive certain statutes and rules as authorized by §§ 392.361 and 392.420. Applicant is a Missouri corporation, with its principal office located at Highway 129 North, Bucklin, Missouri 64631. Chariton L.D. is also an indirectly wholly-owned subsidiary of Chariton Valley Telephone Corp. (Chariton Telephone).

¹All statutory references are to Revised Statutes of Missouri 1994.

The Commission issued a Notice and Schedule of Applicants on April 2, 1996, directing parties wishing to intervene in the case to do so by April 17, 1996. On April 17, 1996, Southwestern Bell Telephone Company (SWBT) filed an application to intervene.

In support of its application, SWBT states that Chariton L.D., if certificated, will provide switched and dedicated access MTS, 800, and travel card interexchange services in direct competition with SWBT. SWBT also states that it has a direct interest in this case as Chariton L.D.'s plan may adversely affect the primary toll carrier (PTC) plan to which SWBT is a party, as Chariton L.D. can be expected to serve the most profitable routes, and leave SWBT or other PTC plan participants with unprofitable routes. Finally, SWBT contends that a number of issues are raised by Chariton L.D.'s application, as follows: (1) whether Chariton L.D.'s provision of the proposed services is governed by the PTC plan; (2) whether a corporate affiliate of a local exchange company operating as a secondary carrier under the PTC plan should be permitted to offer services in competition with PTCs; (3) if so, what effect such competition will have on the PTCs offering toll services in those areas; (4) whether Chariton L.D. should be reclassified as a PTC by virtue of its venture into the interexchange business; and (5) whether affiliate transaction procedures similar to those required of SWBT should apply to Chariton L.D. and its affiliate, Chariton Telephone.

Chariton L.D. filed a response on April 22, 1996, which states that Chariton L.D. seeks to provide only interLATA interexchange service,

not intraLATA interexchange service, and asks that its application be amended to limit its request to interLATA service authority only. Chariton L.D. submits that with this clarification of its application, the basis for SWBT's opposition will no longer exist. In addition, Chariton L.D. requests that its application be processed without unnecessary delay, in order to meet the deadlines for balloting under Chariton Telephone's equal access schedule.

On April 26, 1996, SWBT filed a reply to Chariton L.D.'s response, stating that it continues to oppose Chariton L.D.'s application. SWBT contends that it currently loses money as the PTC providing intraLATA toll services to Chariton Telephone's local exchange customers. Thus, SWBT maintains that the Commission must address whether it should continue to require SWBT to serve as Chariton Telephone's PTC if its corporate affiliate Chariton L.D. is permitted to pursue the more lucrative interLATA long distance market. Further, SWBT asserts that if Chariton Telephone is capable of offering interLATA services on a statewide basis through its long distance affiliate, it should also be capable of serving as its own PTC.

On April 30, 1996, Chariton L.D. filed another response to SWBT's intervention request. Chariton L.D. notes that SWBT is not authorized under federal law to compete in the interLATA long-distance market at this time, and suggests that Chariton L.D.'s application to provide interLATA long-distance will not affect the existing status quo as far as SWBT is concerned. In addition, Chariton L.D. questions whether

SWBT has standing to object to an application which requests only interLATA authority. Finally, Chariton L.D. suggests that the continued viability of the PTC plan can be considered in another docket.

On May 14, 1996, the Staff of the Commission (Staff) filed a Memorandum recommending Commission approval of Chariton L.D.'s application and tariff. The Commission has reviewed Chariton L.D.'s application, SWBT's application for intervention, the various responses relating thereto, and Staff's recommendation, and finds that SWBT's application for intervention should be denied. In its recommendation Staff states that Chariton L.D.'s application is slightly different from two cases involving Fiber Four and Alltel, in which the Commission granted intervention to SWBT. Staff also states that since Chariton L.D. is requesting the Commission to limit its long-distance service offerings to only interLATA authority, Staff fails to understand how Chariton L.D. would directly compete with SWBT since SWBT only offers intraLATA toll services.

The Commission agrees with Staff on this point. In its application for intervention SWBT claims that it has a direct interest in this matter because it is authorized to provide the same type of services Chariton L.D. seeks to provide, and because Chariton L.D. could be expected to serve the most profitable routes, leaving SWBT or other PTC plan participants with unprofitable routes. Given Chariton L.D.'s agreement to have its authority limited to the provision of interLATA services, the Commission finds that Chariton L.D. and SWBT will not be

providing the same services, and SWBT's claim of a direct interest is no longer valid. While SWBT contends that Chariton L.D.'s offer to limit its authority to interLATA service does not satisfy its concerns, the Commission finds that any grievance SWBT may have is more appropriately related to Chariton Telephone or to the PTC plan in general. Any connection to Chariton L.D. is remote at best.

Thus the Commission finds that it would not be appropriate to grant intervention to SWBT. Because there is abundant competition in the interLATA long-distance market, it is in the public interest to grant a certificate of service authority to Chariton L.D. limited to intrastate interLATA interexchange authority.

Chariton L.D. filed a proposed tariff at the time of its application, on March 18, 1996, and filed substitute sheets on April 29, 1996 and May 16, 1996. The tariff's effective date was originally May 3, 1996, but the effective date was subsequently extended to May 18, 1996 on April 29, 1996, and to May 28, 1996 on May 16, 1996. Chariton L.D.'s tariff describes the rates, rules, and regulations it intends to use, identifies Chariton L.D. as a competitive company, and lists the waivers requested. Chariton L.D. intends to provide interLATA interexchange telecommunications services including 1+, 800, operator, and dedicated private line services.

In its Memorandum of May 14, 1996, the Staff of the Commission stated that Applicant's proposed services are the same or equivalent to those classified as competitive in Case No. TO-88-142, *In re the*

investigation for the purpose of determining the classification of the services provided by interexchange telecommunications companies within the State of Missouri, 30 Mo. P.S.C. (N.S.) 16 (September 1989). Staff recommended that the Commission grant Applicant a certificate of service authority, competitive status, and waiver of the statutes and rules listed in the Notice. Staff recommended that the Commission approve the tariff as amended, effective May 18, 1996. The effective date has since been extended to May 28, 1996. The Commission notes that Chariton L.D. originally requested waiver of 4 CSR 240-30.040(4), but has since withdrawn this request. The Commission is satisfied that Applicant is only seeking standard waivers. Only standard waivers will be granted to Applicant.

The Commission finds that competition in the intrastate interexchange telecommunications market is in the public interest and Applicant should be granted a certificate of service authority, limited to intrastate interLATA interexchange services, as agreed to by the Applicant. The services Applicant proposes to offer are competitive and Applicant should be classified as a competitive company. The Commission is of the opinion that waiving the statutes and Commission rules set out in Ordered Paragraph 2 is reasonable and not detrimental to the public interest.

The Commission determines, by authority of § 392.470, that Applicant should comply with the following regulatory requirements as reasonable and necessary conditions of certification:

- (1) Applicant must file tariffs containing rules and regulations applicable to customers, a description of the services provided, and a list of rates associated with those services in accordance with 4 CSR 240-30.010 and § 392.220.
- (2) Applicant may not unjustly discriminate between its customers. §§ 392.200, 392.400.
- (3) Applicant must comply with all applicable rules of the Commission except those specifically waived by this order. §§ 386.570, 392.360.
- (4) Applicant must file a Missouri-specific annual report. §§ 392.210, 392.390.1.
- (5) Applicant must comply with jurisdictional reporting requirements as set out in each local exchange company's access services tariffs. § 392.390.3.
- (6) Applicant must submit to the staff, on a confidential basis, a copy of the jurisdictional report it submits to local exchange companies. The report must be submitted within ten (10) days of the date on which it is submitted to the local exchange company.

The Commission finds that Chariton L.D.'s proposed tariff details the services, equipment, and pricing it proposes to offer, and is similar to tariffs approved for other Missouri certificated interexchange carriers. The Commission finds that the proposed tariff

filed on March 18, 1996, and amended on April 29, 1996 and May 16, 1996, should be approved, effective May 28, 1996.

IT IS THEREFORE ORDERED:

1. That Chariton Valley L.D. Corp. be granted a certificate of service authority to provide intrastate interLATA interexchange telecommunications services in the state of Missouri, subject to the conditions of certification set out above.

2. That Chariton Valley L.D. Corp. be classified as a competitive telecommunications company. The following statutes and regulatory rules shall be waived:

Statutes

392.240(1)	- ratemaking
392.270	- valuation of property (ratemaking)
392.280	- depreciation accounts
392.290	- issuance of securities
392.310	- stock and debt issuance
392.320	- stock dividend payment
392.330	- issuance of securities, debts and notes
392.340	- reorganization(s)

Commission Rules

4 CSR 240-10.020	- depreciation fund income
4 CSR 240-30.010(2)(C)	- rate schedules
4 CSR 240-30.040(1)	- Uniform System of Accounts
4 CSR 240-30.040(2)	- Uniform System of Accounts
4 CSR 240-30.040(3)	- Uniform System of Accounts
4 CSR 240-30.040(5)	- Uniform System of Accounts
4 CSR 240-30.040(6)	- Uniform System of Accounts
4 CSR 240-32.030(1)(B)	- exchange boundary maps
4 CSR 240-32.030(1)(C)	- record keeping
4 CSR 240-32.030(2)	- in-state record keeping
4 CSR 240-32.050(3)	- local office record keeping
4 CSR 240-32.050(4)	- telephone directories
4 CSR 240-32.050(5)	- call intercept

4 CSR 240-32.050(6)	- telephone number changes
4 CSR 240-32.070(4)	- public coin telephone
4 CSR 240-33.030	- minimum charges rule
4 CSR 240-33.040(5)	- financing fees

3. That the tariff filed by Chariton Valley L.D. Corp. on March 18, 1996, be approved as amended, effective May 28, 1996. The tariff approved is:

P.S.C. Mo. No. 1

4. That this order shall become effective on May 28, 1996.

BY THE COMMISSION



David Rauch
Executive Secretary

(SEAL)

Zobrist, Chm., McClure,
Crumpton and Drainer, CC., Concur.
Kincheloe, CC., Absent

ALJ: Bensavage